

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

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For Immediate Release

NEWS RELEASE SUMMARY - June 6, 2005

Carol C. Lam, United States Attorney for the Southern District of California, and Eileen J. O'Connor, Assistant Attorney General for the Tax Division of the Department of Justice, announced that Lonnie R. Divine, Yvonne R. Ruel, and Deanna M. McKinnon were sentenced today by United States District Court Judge Barry Ted Moskowitz in federal district court in San Diego for federal criminal tax offenses. In November 2004, all three defendants entered their guilty pleas before Judge Moskowitz.

Lonnie R. Divine, a former resident of Vista, California, was sentenced to serve 18 months' imprisonment, a \$6,000 fine, and three years supervised on regarding his plea of guilty to tax evasion. Mr. Divine admitted in his plea agreement that he owned and operated a business using many different company names during 1993 through 1997. Although the business names often changed, the business activity of selling items (primarily magazine subscriptions) through door-to-door sales remained consistent. Mr. Divine's business earned over \$11 million in gross receipts from 1993 through 1997. Mr. Divine evaded his taxes by: (1) converting a substantial portion of the business' gross receipts to cash, often after

transferring the money through several bank accounts; (2) transferring gross receipts of the business from business bank accounts to personal bank accounts in order to spend the money for non-business purposes; (3) using the gross receipts of the business to make payments of about \$1.8 million which were applied to Lonnie R. Divine's casino accounts in Las Vegas and Tahoe, Nevada; (4) using cashier's checks, official checks, money orders and currency to acquire assets and invest funds; (5) using nominees to conceal and disguise his ownership in assets; and (6) maintaining a computerized record system of receipts and cost of goods sold to track income (but not to comply with income tax reporting requirements).

Yvonne R. Ruel, Lonnie R. Divine's wife and a former resident of Vista, California, was sentenced to serve 5 months in prison to be followed by 5 months of home confinement, for failing to file a tax return. Also, Ms. Ruel was fined \$2,000. Ms. Ruel admitted to working with Mr. Divine and earning income from Mr. Divine's business in 1994 through 1997.

Deanna M. McKinnon, Lonnie R. Divine's daughter and a former resident of San Diego, California, was sentenced to serve 3 months in prison, 3 months home confinement, and ordered to perform 192 hours of community service, for failing to file a tax return. Ms. McKinnon admitted earning income from Mr. Divine's business in 1994 through 1997.

This case was prosecuted by U.S. Department of Justice Tax Division Trial Attorneys Nicholas D. Dickinson and Christopher J. Maietta.

DEFENDANTS

Lonnie R. Divine
Yvonne Divine
Deanna McKinnon

SUMMARY OF CHARGES

Lonnie Divine – Title 18, United States Code, Section 7201, Attempt to Evade or Defeat Tax. Maximum sentence of five years in prison and fine not to exceed \$250,000 per count.

Yvonne Divine and Deanna McKinnon – Title 18, United States Code, Section 7203, Willful Failure to File Return. Maximum sentence of one year in prison and fine not to exceed \$100,000 per count.

AGENCY

Internal Revenue Service, Criminal Investigation